

## Message Text

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PAGE 01 LUXEMB 00838 091052Z

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 4700

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TAGS: BEXP, LU

SUBJ: COMMERCIAL PRESENCE FAIRS RECOMMENDATIONS, FY 1977

REF: STATE 225725

1. THE 27TH LUXEMBOURG INTERNATIONAL FAIR, MAY 16 - 25, 1975, THE SECOND TO BE HELD IN THE CITY'S SPACIOUS, MODERN EXHIBITION HALLS, HOSTED 1800 EXHIBITORS FROM 29 COUNTRIES AND ATTRACTED OVER 200,000 VISITORS. IN RECOGNITION OF THE RESPONSE BY EXHIBITORS AND PUBLIC, THE ORGANIZERS HAVE DECIDED TO SCHEDULE TWO SEPARATE INTERNATIONAL FAIRS IN 1976, FROM MAY 15-23 AND OCTOBER 2-10. THIS WILL PERMIT MORE SPECIALIZED EXHIBIT THEMES AND PROVIDE PARTICIPATING COMPANIES DESIRED EXTRA STAND SPACE. AT LEAST AS MANY EXHIBITORS ARE EXPECTED FOR THE 1976 FAIRS AS IN THE SINGLE 1975 FAIR.

2. THE MAY FAIR WILL FOCUS ON FOOD PRODUCTS AND BEVERAGES, HOUSEHOLD GOODS, SPORTS AND LIESURE EQUIPMENT, TRAVEL ITEMS AND GARDEN FURNITURE AND TOOLS. THE OCTOBER FAIR WILL CONCENTRATE ON HOME, OFFICE AND HOTEL CONSTRUCTION AND FURNISHINGS.

3. DETAILS ON THE FAIR FACILITIES ARE CONTAINED IN LITERATURE AND EXHIBITORS' INFORMATION HANDBOOK, FORWARDED UNDER SEPARATE COVER TO DEPARTMENT, ALONG WITH PHOTOS, PARTICIPATION FORMS WITH SPACE COSTS, AND THE 1975 OFFICIAL FAIR

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PAGE 02 LUXEMB 00838 091052Z

CATALOG.

4. THE FAIR IS LOCATED IN SPACIOUS GROUNDS ALONG A MAJOR HIGHWAY, IN A NEWLY DEVELOPED DISTRICT ADJACENT TO COMMON MARKET INSTITUTIONS AND EQUIDISTANT FROM THE AIRPORT AND DOWNTOWN LUXEMBOURG CITY.

5. RATIONALE FOR PARTICIPATION - LUXEMBOURGERS ARE AMONG THE MOST INTERNATIONALLY MINDED OF PEOPLES AND WERE IN THE FOREFRONT OF DEVELOPMENTS TOWARD THE EXISTING EUROPEAN COMMON MARKET. IN RECOGNITION OF THIS ROLE, SEVERAL EUROPEAN INSTITUTIONS HAVE LOCATED IN LUXEMBOURG. IN ADDITION, NEARLY EIGHTY INTERNATIONAL BANKS, INCLUDING SEVENTEEN AMERICAN, HAVE SETTLED IN LUXEMBOURG AND IT IS NOW ONE OF THE WORLD'S MAJOR FINANCIAL CENTERS. LUXEMBOURG BOASTS ONE OF EUROPE'S HIGHEST STANDARDS OF LIVING. IT IS A CENTER FOR INDUSTRIAL AND COMMERCIAL ACTIVITY WITH EASY ACCESS TO GERMAN, BELGIAN AND FRENCH MARKETS. MOST LUXEMBOURG BUSINESSES ARE THEREFORE INTERNATIONAL IN MARKETING SCOPE. THE SMALL TOTAL NATIONAL POPULATION OF 357,000 UNDERSTATES LUXEMBOURG'S REGIONAL ECONOMIC AND COMMERCIAL IMPORTANCE. NONETHELESS, THE SIZE OF THE NATIONAL MARKET MAY DISCOURAGE US EXHIBITORS FROM PARTICIPATION ON A NORMAL RETURN FOR COST BASIS. A COMMERCIAL PRESENCE FAIR HERE SHOULD, HOWEVER, PRODUCE BUSINESS RESULTS BEYOND USUAL EXPECTATIONS FOR SUCH US PARTICIPATION.

6. IN ADDITION TO ITS IMPECCABLE CREDENTIALS AS A MOVER FOR EUROPEAN UNITY, LUXEMBOURG REMAINS STAUNCHLY AND ACTIVELY PRO-AMERICAN. PERHAPS NOWHERE ELSE IN EUROPE DO PUBLIC AND PRIVATE EXPRESSIONS OF PRO-AMERICAN SENTIMENTS OCCUR SO NATURALLY AND REGULARLY. THE WAR-TIME LIBERATION IS STILL COMMEMORATED WITH GENUINE FEELING. MORE RECENT AMERICAN MANUFACTURING AND BANKING OPERATIONS HAVE GIVEN A STRONG BUSINESS DIMENSION TO US-LUXEMBOURG RELATIONS. BUSINESS OPPORTUNITIES HAVE ATTRACTED A CONSPICUOUS CONTEMPORARY AMERICAN PRESENCE. LUXEMBOURG WELCOMES US INVESTMENT, WHICH AT APPROXIMATELY \$800 PER INHABITANT IS ESTIMATED TO BE THE HIGHEST PER CAPITA INVESTMENT BY US COMPANIES

UNCLASSIFIED

PAGE 03 LUXEMB 00838 091052Z

IN ANY FOREIGN COUNTRY. SUCH MULTINATIONAL FIRMS AS GOODYEAR, MONSANTO, DUPONT DE NEMOURS, AND GENERAL MOTORS HAVE LARGE MANUFACTURING OPERATIONS HERE. IN TOTAL, US COMPANIES EMPLOY 10 PERCENT OF THE INDUSTRIAL WORK FORCE AND CONTRIBUTED GREATLY TO LUXEMBOURG'S IMPRESSIVE INDUSTRIAL AND GNP GROWTH SINCE THE MID-1960S. IN A CENTER SECOND ONLY TO LONDON FOR THE EURO CURRENCY MARKET, THE SEVENTEEN US BANKS PLAY A MAJOR ROLE.

7. ACTION REQUESTED: DESPITE STRONG US-LUXEMBOURG TIES, THERE HAS NOT BEEN AN OFFICIAL US GOVERNMENT-SPONSORED PARTICIPATION IN THE LUXEMBOURG FAIR SINCE 1966. NO DOUBT THE SIZE OF THE LOCAL MARKET WAS NOT CONSIDERED SIGNIFICANT ENOUGH TO JUSTIFY THE COSTS INVOLVED. A US EFFORT HERE IS NOW LONG OVERDUE. FACTORS REFLECTING A GREATER ECONOMIC/COMMERCIAL IMPORTANCE OF LUXEMBOURG THAN IMMEDIATELY APPARENT BY CONVENTIONAL CRITERIA HAVE BEEN DESCRIBED ABOVE.

8. A PRIME CONCERN OF THIS EMBASSY IS TO SEE A PROFESSIONALLY ORGANIZED US INDUSTRY PRESENCE IN LUXEMBOURG DURING THE BICENTENNIAL YEAR OF 1976. THE COMMERCIAL PRESENCE FAIR PROGRAM PROVIDES THE POSSIBILITY OF JUST SUCH AN OFFICIAL US PARTICIPATION. FURTHERMORE, IN 1976 THE EC COMMISSION WILL BE HELD IN LUXEMBOURG. THIS WILL BRING IN A BIG POPULATION FROM THE COMMON MARKET MEMBER GOVERNMENTS. WE FEEL THAT WE WOULD BE MISSING AN OPPORTUNITY NOT TO BE EXHIBITING DURING THIS IMPORTANT YEAR FOR LUXEMBOURG AND FOR THE CELEBRATION OF OUR BICENTENNIAL.

9. COMMENTS: THE EMBASSY NOTES THAT REFTEL RESTRICTED RECOMMENDED EVENTS TO THE JULY 1 - SEPTEMBER 30, 1976 PERIOD. THIS RECOMMENDATION IS SUBMITTED NOW SHOULD THERE BE FLEXIBILITY IN THESE DATES. IF NOT, LUXEMBOURG CAN RECEIVE EARLIEST POSSIBLE CONSIDERATION FOR A CPF IN THE NEW STANDARD FISCAL YEAR OCTOBER 1976 - SEPTEMBER 1977.

10. IN VIEW OF THE INTEREST OF THE LUXEMBOURG BUSINESS COMMUNITY FOR AGENCIES COVERING THE BENELUX COUNTRIES,  
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PAGE 04 LUXEMB 00838 091052Z

GERMANY AND FRANCE, THE EMBASSY ALSO POINTS OUT A POSSIBLE TIE-IN HERE FOR AMERICAN COMPANIES, ESPECIALLY THOSE NEW TO THE EUROPEAN MARKET, RECRUITED FOR US TRADE CENTER AND TRADE FAIR EVENTS SCHEDULED IN MAY/OCTOBER 1976 TIME FRAME. IF PRODUCT THEMES COINCIDE WITH THOSE OF LUXEMBOURG INTERNATIONAL FAIR, US FIRMS ALREADY PARTICIPATING IN ONE US GOVERNMENT SPONSORED EVENT COULD CONSTITUTE IDEAL US INDUSTRY DISPLAY HERE. THEIR NEW TECHNOLOGY AND PRODUCTS WOULD MAKE US STAND A CENTER OF ATTRACTION TO TRADE AND PUBLIC VISITORS ALIKE.  
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